



# COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

*A Fact Sheet*

**Joan Henneberry**  
Executive Director

**Todd Saliman**  
Director, OSPB

*Office of State Planning and Budgeting*

*November 2009*

## **BRI-2 Coordinated Payment and Payment Reform**

**Request:** This request is for a reduction of \$2,532,684 in total funds for FY 2010-11, including a \$454,577 General Fund reduction, and a reduction of \$5,184,041 in total funds for FY 2011-12, including a \$1,317,938 General Fund reduction, for the implementation of steps toward payment coordination and payment reform. This proposal includes a request for 0.9 FTE in FY 2010-11 and 1.0 FTE in FY 2011-12.

Coordinated payment efforts achieve cost savings through efficient and accurate payment processes, increased resources toward recovery efforts and proactive steps to integrate the care of clients with complex health needs or who are dually eligible for both Medicaid and Medicare. Payment reform brings the economic incentives of the payment and rate structures into alignment with desired outcomes. The Department is currently investigating the feasibility of undertaking a rate-reform process, and at present, is not requesting any additional spending authority for the payment reform component.

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
<b>Total Request</b>	<b>(\$2,532,684)</b>	<b>(\$454,577)</b>	<b>(\$219,260)</b>	<b>(\$1,858,847)</b>	<b>0.9</b>
Consolidation of Payment and Billing Processes*	\$29,153	\$5,101	(\$1,023)	\$25,075	0.0
Auditor for Nursing Facilities Section*	(\$305,681)	(\$109,945)	(\$22,033)	(\$173,703)	0.9
Pilot Audit of Community Mental Health Center*	\$35,000	\$17,500	\$0	\$17,500	0.0
Increased enrollment of Medicare-eligible Clients into Medicare*	(\$2,291,156)	(\$367,233)	(\$196,204)	(\$1,727,719)	0.0

\* Rows show costs by initiative not budget line item.

Summary of Request FY 2011-12	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
<b>Total Request</b>	<b>(\$5,184,041)</b>	<b>(\$1,317,938)</b>	<b>(\$456,703)</b>	<b>(\$3,409,400)</b>	<b>1.0</b>
Consolidation of Payment and Billing Processes*	(\$35,685)	(\$15,525)	(\$2,318)	(\$17,842)	0.0
Auditor for Nursing Facilities Section*	(\$485,924)	(\$207,880)	(\$35,082)	(\$242,962)	1.0
Pilot Audit of Community Mental Health Center*	\$35,000	\$17,500	\$0	\$17,500	0.0
Increased enrollment of Medicare-eligible Clients into Medicare*	(\$4,697,432)	(\$1,112,033)	(\$419,303)	(\$3,166,096)	0.0

\* Rows show costs by initiative not budget line item.

## Highlights:

The Department requests funding for four initiatives which support the payment coordination component of this request.

- Consolidation of Payment and Billing: The Department requests spending authority to streamline the process of making payments for mental health services provided by Federally Qualified Health Centers (FQHCs). Federally Qualified Health Centers receive reimbursement for clients with a mental health diagnosis code that is covered under the Behavioral Health Organization when the client was seen by a non-mental health professional at the FQHC. The existing method of payment for these clients involves a manual work-around; this request is to make the system changes necessary to automate the process.
- Expand audits conducted by the Nursing Facilities Section: The Department requests spending authority to expand the existing in-house audit activities of the Nursing Facilities Section. The level of nursing facility audit recoveries decreased in FY 2008-09 from previous fiscal years due to an increasing number of facilities choosing a 100% audit rather than an audit which uses a sampling approach. This request is to hire an additional auditor so that the Department may again reach a higher number of annual audits completed and help to reduce the time period between audits for any given facility.
- Initiate a pilot audit of a Community Mental Health Center: The Department requests spending authority to hire a contract auditor to conduct a pilot audit of one Community Mental Health Center. These centers are the primary providers of mental health services for clients served by the Department and significantly influence rate setting of mental health services for Medicaid clients in Colorado. This proposed audit differs from existing audits of cost data and would complement existing audit processes; it would focus on the original coding of claims and examine 100% of claims submitted for the existence of two specific types of systemic billing errors. The first type is the ambiguity of coding claims. The second type is services which may be billed as either managed care or fee-for-service, creating a situation where double billing is possible. The results of this pilot audit would give the Department guidance as to whether a more comprehensive audit program of Community Mental Health Centers or other mental health providers is recommended.
- Increase enrollment of Medicare-eligible clients into Medicare: The Department requests spending authority to hire a contractor to increase the enrollment of Medicare-eligible clients into Medicare. There are two types of client to target for this program. Some clients are eligible for Medicare but have not enrolled. Other clients are enrolled in Medicare, but due to a system problem, these clients are not categorized as Medicare enrollees. The contractor would work from a list of all Medicaid clients served by the Department who are age 65 and older but who are not categorized as a Medicare recipient. The contractor would select 1,000 clients each year for the pilot program. The contractor will determine which are actually enrolled in Medicare by coordinating efforts with the Social Security Administration. These clients would then be categorized correctly in the system. For Medicare-eligible clients who have not enrolled in Medicare, the contractor would assist in getting them enrolled.

**For more information about this Department and its programs, please call  
Ginny Brown at 303-866-3972 or Nicole Storm at 303-866-3180.**

**Media inquires should be directed to Joanne Lindsay at 303-866-3144.**